

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
William L. Massey, and Nora Mead Brownell

Northwest Pipeline Corporation

Docket No. CP02-4-003

ORDER GRANTING REHEARING

(Issued July 14, 2003)

1. On May 7, 2003, the Commission issued an order amending the abandonment approval and certificate authorization granted to Northwest Pipeline Corporation (Northwest), pursuant to Sections 7(b) and (c) of the Natural Gas Act, for its Evergreen Expansion Project proposal.¹ The May 2003 order amended the originally granted approval and authorization to reflect modifications to the expansion project as initially proposed. These changes include lowering segments of existing pipe to accommodate a road construction project. Northwest seeks rehearing regarding the accounting treatment for the estimated \$1.6 million cost of the line lowering and any additional authority needed to effect the line lowering. For the reasons discussed below, we will grant Northwest's rehearing request.

Background

2. Northwest's proposed Evergreen Expansion Project is designed to enhance its ability to move gas through two capacity constrained sections of its mainline, namely, between Sumas and Chehalis, Washington and between Washougal and Plymouth, Washington. Northwest plans to loop several sections of its existing mainlines and add compression facilities.

3. Northwest states that there will be construction work on the Lake Tapps Parkway in Pierce County, Washington. To accommodate this road construction, Northwest will

¹103 FERC ¶ 61,149 (2003); 99 FERC ¶ 61,365 (2002) (order issuing certificate and approving abandonment); and 98 FERC ¶ 61,352 (2002) (preliminary determination). The Evergreen Expansion Project is designed to add looping and compression to Northwest's existing mainline between Sumas and Plymouth, Washington.

need to lower 270-foot sections of its existing 26-inch diameter mainline and 30-inch diameter mainline by 30 feet concurrently with the installation of the Auburn Loop expansion line. Northwest notes that the 30 foot depth is necessary because Pierce County will be reducing the grade of the existing steep topography as part of its road construction efforts. Northwest further notes that but for temporary work space, the line lowering work is limited to areas of impact previously identified for constructing the Auburn Loop; thus, lowering existing lines in conjunction with installation of the expansion loop line minimizes construction and environmental impacts.

Request for Rehearing

4. In our May 2003 order, we rejected Northwest's proposal to capitalize the projected \$1.6 million cost to lower its lines, and instead directed Northwest to include this cost as an operating expense in Account 863, Maintenance of Mains, under our Uniform System of Accounts.² In requesting rehearing, Northwest clarifies that in lowering sections of its existing mainline, it will not relocate and reuse the same pipe, but will replace its existing pipe with new pipe, and retire the removed pipe. Thus, Northwest contends this work should not be considered maintenance, but should instead be classified as the addition and retirement of gas plant, consistent with Gas Plant Instruction No. 10, under the Uniform System of Accounts. In addition, Northwest seeks abandonment approval, as necessary, to remove and retire 270-foot long segments of its existing facilities.

5. In view of Northwest's description of its line lowering project as including the removal and replacement of pipe segments, we concur that the estimated \$1.6 million cost of this activity should be accounted for in accordance with Gas Plant Instruction No. 10. However, we note that Northwest proposes to capitalize approximately \$10,000 for removing the replaced pipe segments. Gas Plant Instruction No. 10 B (2) requires that "[t]he cost of removal and the salvage shall be charged or credited, as appropriate, to such depreciation account." Therefore, the \$10,000 cost of removal should be debited to Account 108, Accumulated Provision for Depreciation of Gas Utility Plant.

6. Finally, we note that Northwest already has sufficient authority to abandon the specified short segments of pipe pursuant to its existing part 157, Subpart F, blanket certificate. Accordingly, we find that no additional authority is required in connection with Northwest's line lowering project.

²18 CFR Part 201 (2003). Account 863, Maintenance of Mains, Operating Expense Instruction No. 2, Maintenance, Item 4, states that maintenance includes "rearranging and changing the location of plant not retired."

The Commission orders:

Northwest's request for rehearing of the May 7, 2003 order is granted and the accounting treatment for the cost of the line lowering project is modified as discussed in the body of this order.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.